

Suggested Remarks
Jon D. Lindborg
USAID Mission Director
2nd National Government Infrastructure Forum
May 4, 2007, 8:30 a.m.
Makati Shangri-La Hotel

Honorable Secretary Cerge Remonde,
Presidential Management Staff and Head of
the Infrastructure Monitoring Task Force
Honorable Secretary Peter Favila, Department
of Trade and Industry, and Chairman of the
National Competitiveness Council
Honorable Secretary Edgardo Pamintuan,
Development Champion, Luzon Urban Beltway
Honorable Secretary Arthur Yap, Dept. of
Agriculture
Honorable Secretary Ace Durano, Dept. of
Tourism
Honorable Secretary Jess Dureza, Office of
Presidential Advisor on the Peace Process
Mr. Washington Sycip
Ambassador Donald Dee; and
Business Leaders, Development Partners,
Ladies and Gentlemen

Good morning.

First of all, on behalf of the U.S.
Government and the American people, I would
like to thank Secretary Remonde for his kind
invitation to participate in the Second

Infrastructure Forum, providing us with the opportunity to acknowledge his leadership provided through the Infrastructure Monitoring Task Force. I would also like to acknowledge the crucial role of the Export Development Council, represented here today by Meneleo Carlos, in addressing so many of the most critical policy-related issues in infrastructure development.

- USAID is pleased to support the Arroyo administration's high-priority that it places on infrastructure projects as demonstrated by the creation of the Infrastructure Monitoring Task Force.

- I'd also like to take this opportunity to recognize the tremendous contributions of others in the donor community who have contributed so much infrastructure assistance recently. The World Bank and the Japanese, in particular, have played a valuable leadership role and we are happy

to acknowledge their important contributions.

■ I would also like to congratulate Secretary Ed Pamintuan, Development Champion for Urban Luzon Beltway Super Region, as well as the other presenters, for tackling the nitty-gritty issues that challenge each and every one of the projects discussed today.

■ I am pleased to hear about the substantial progress being made in most of the projects mentioned so far, such as the Subic Port, the Clark-Tarlac Expressway, the Clark Passenger Terminal Building, the rehabilitation of EDSA, the Alabang viaduct and the widening of the SLEX, and the linking of the MRT 3 and LRT North Extension.

■ The country's competitiveness and near-term economic prospects are tied to meeting the infrastructure challenge.

For example, there's talk of Clark becoming the new air gateway to the country, it's un-congested and three times the size of the Manila airport. But getting there has to be quick and smooth, whether it's by rail or by road.

And just as importantly, the policy framework has to be conducive to development. Infrastructure is the great equalizer. Or at least, it can be **IF** it serves the needs of the many and is not held back by vested interests. I think all of us in this room today - donors, policy makers, project developers - have a responsibility to the people of the Philippines to see that infrastructure projects do not fall prey to "regulatory capture" - that they are implemented with consideration for fair competition and in the best interests of the Filipino people.

■ Another key challenge will be how to accelerate infrastructure development

without taking imprudent short-cuts. Whereas most development experts acknowledge that a developing country should be spending the equivalent of 5-10% of GDP on infrastructure, the Philippines has declined to the 2-3% range.

■ But the Philippines is no longer facing a fiscal crisis, and public spending on infrastructure will reportedly double in the coming years. I read the other day that the government will spend roughly **a trillion pesos** on infrastructure in the next three years. Add to that the substantial contributions to be made by the private sector and it's plain to see that there's going to be a lot going on in the next few years. But we are still facing limited absorptive capacity inside the implementing agencies.

■ The solution will require tremendous coordination and participation from government, private sector, the donor

community, and civil society. Government alone can't do it. ODA funding won't do it. Ultimately, the long-term solution has to be a true partnership between the government and private sector, at all stages of infrastructure development, from finance to operation.

■ USAID is pleased that so many of these projects will involve private sector participation and we recognize that the Philippines was an early leader among developing countries in this area. USAID assistance in this area dates back almost twenty years now, when the Philippines was first shaping its BOT legal framework. I can tell you that, as a private sector officer posted with USAID in Jordan, Indonesia, and elsewhere, we all looked to the Philippines as the model for private sector participation in infrastructure development. One thing we learned was, ***"Bureaucrats should not be in business."***

- As is often mentioned, the success of ongoing infrastructure projects will send the right signal to donors and investors to participate in new and prospective projects.
- Along these lines USAID feels that it is important to stress that HOW these projects get done is almost as important as HOW MANY of these projects get done. As a donor agency, we have been privileged to work with many different offices and agencies of the Government of the Philippines on issues as diverse as procurement reform, good governance, competitiveness, and legal reform of the BOT framework. Throughout, we have emphasized three things: transparency, fair competition, and sanctity of contract.
- Finally, USAID is committed to supporting the Arroyo administration's vision of building a national seamless infrastructure. We are currently supporting the Infrastructure Monitoring Task Force. In addition we are supporting the review

process for the rules and regulations of the BOT Law so that the Philippines can streamline the process WITHOUT taking short-cuts that will haunt us later on.

Our assistance is only a part of the solution. We look forward to working with our partners -- The Asia Foundation, the Center for Research and Communication, the Export Development Council, and the Infrastructure Monitoring Task Force and many others - to achieve our shared goals.

Thank you, and salamat.

Clearance Page:

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